

independent of the competitive bid process although the rates offered via that contract may in fact be the most competitive, lowest rates available. USTA recommends that the Commission develop streamlined application processes to address minor modifications to contracts and other circumstances whereby an eligible entity should be able to apply for universal service benefits without participating in the full competitive bid process.

E. Responsibility for Payment for Service.

The Commission should clarify that schools, libraries, and rural health care customers remain responsible for all charges incurred regardless of the expectation of receiving universal service benefits, particularly if a provider is unable to receive full reimbursement from the universal service fund. In addition, the Commission should clarify that eligible entities remain responsible for the full, non-discounted, payment of other charges that may arise such as state and Federal taxes, termination liability or penalty surcharges, franchise fees, etc.

F. Administration.

USTA seeks to clarify that information provided to the fund administrator, such as the information contained in the winning bid and any justification for the LCP and pre-discount price, remains proprietary. Such information is extremely sensitive in a competitive market. There is no reason to provide public access to that information which could be used to seek competitive advantage in future negotiations and undermine the competitive bidding process.

USTA also requests that the Commission reconsider its decision to require rural health care customers to submit all of the bids received to the fund administrator. This requirement

serves no purpose, creates concerns due to the proprietary nature of the information, and will only serve to add an unnecessary administrative burden to the process.

USTA also requests clarification on several issues that are not evident from the *Order* itself. USTA recommends that the Commission specify: 1) that the Administrator be solely responsible for calculating and assigning the actual discount percentages under the schools and libraries program which will be posted on the website; 2) that the Administrator be responsible for establishing the standard urban distance and the maximum supported distance applicable to the rural health care program and that this information also be posted on the website; and 3) that the Administrator certify the make-up of consortia regarding private vs. public members.

Finally, USTA requests that the Commission require the Administrator to submit an annual report regarding the schools and libraries program similar to the report required under Section 54.619(d) regarding the rural health care program. Given the size and objectives of the schools and libraries program, such a report is imperative. USTA recommends that the Administrator be authorized to utilize all information collected via the requirements of Section 54.504(a) and (b) and Section 54.516 to compile a report and that the report also assess the progress made towards increased access and evaluation of the use of discounted services. The report should be submitted annually and made available in its entirety to the public.

XI. CONCLUSION.

Reconsideration and/or clarification of the issues as addressed in this Petition will ensure that the new universal service program better meets the principles contained in the Act and will facilitate the timely administration of this program. USTA urges the Commission to adopt the recommendations included herein.

Respectfully submitted

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ATTACHMENT 5

Impact of Proposed Education Rates

<u>Services/Bandwidth</u>	<u>Range of Discounts</u>
56Kbps	33-56%
ISDN	72%
T1	21-33%
DS-3	29-57%

<u>Scenario</u>	<u>Annual Discount Effect</u>	<u>Assumptions</u>
Interim ISDN	(\$6 m)	1 PC per 2,134 schools & libraries, no EVNJ applications available
Initial EVNJ estimates, less than 1 PC per Classroom	(\$4 m to \$8 m)	641 schools < 10 PCs 1,279 sch & lib < 50 PCs 214 schools > 50 PCs
1 PC per Classroom	(\$4 m to \$9 m)	310 libraries < 50 PCs 1,610 schools < 50 PCs, 214 schools > 50 PCs avg school 35 Classrooms
More than 1 PC per Classroom	(\$20 m to \$27 m)	310 libraries < 50 PCs 1,824 schools > 50 PCs, avg school 35 Classrooms

Discount Effects on Revenues Thru Ed-Vantage New Jersey Horizon

<u>Scenario</u>	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>Total</u>
Interim ISDN	(\$6 m)					(\$6 m)
Initial EVNJ		(\$6 m)				(\$6 m)
Initial EVNJ			(\$6 m)			(\$6 m)
1 PC/Classroom				(\$7 m)		(\$7 m)
>1 PC/Classroom					(\$24 m)	(\$24 m)
Total						(\$24 m)